

Message Text

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ORIGIN SS-25

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TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
XMT AMEMBASSY PORT MORESBY

C O N F I D E N T I A L STATE 209837

EXDIS

E.O. 11652: GDS

TAGS: EAID, MARR, SHUM, EFIN, PEPR, PDIP, TW

SUBJECT: EA/ROC WEEKLY STATUS REPORT

1. DORNAN RESOLUTION (LIMITED OFFICIAL USE)

REP. ROBERT K. DORNAN (R. CALIF.) HAS INTRODUCED A SENSE OF THE HOUSE RESOLUTION THAT "THE UNITED STATES, WHILE SEEKING TO IMPROVE RELATIONS WITH THE PEOPLE'S REPUBLIC OF CHINA, SHALL CONTINUE TO MAINTAIN FULL DIPLOMATIC RELATIONS WITH THE REPUBLIC OF CHINA AND SHALL NOT ALTER OR DILUTE OR CHANGE IN ANY WAY ITS MUTUAL DEFENSE TREATY WITH THAT COUNTRY." THE PREAMBULAR PORTION OF THE RESOLUTION STATES THAT THE ROC PROVIDES THE U.S. WITH "A STRATEGICALLY CRUCIAL BASE FROM WHICH THE LATTER CAN HELP IN THE DEFENSE OF THE FREE NATIONS OF THE WESTERN PACIFIC."

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WE HAVE HEARD THAT HIRC IS NOW CONSIDERING WHETHER TO HOLD HEARINGS ON THE RESOLUTION WHEN SUMMER RECESS ENDS SEPTEMBER 6. WE'RE WORKING WITH H TO "HEAD THEM OFF AT THE PASS."

2. WRM-PDM (CONFIDENTIAL/EXDIS)

THE WHITE HOUSE HAS DIRECTED DOD TO TAKE CONCRETE STEPS TO ESTABLISH IN SOUTH KOREA AIRCRAFT MAINTENANCE FACILITIES

SIMILAR TO THE AIR ASIA SET-UP IN TAINAN, AND TO RELOCATE AIR MAINTENANCE WORK BY NOT LATER THAN MARCH 1, 1980. DOD HAS ALSO BEEN INSTRUCTED TO RATIONALIZE WAR RESERVE MATERIAL STORAGE ON TAIWAN BY MOVING OFF-ISLAND ITEMS NOT ESSENTIAL TO THE DEFENSE OF TAIWAN. WE HAVE IN THE DOD CLEARANCE MILL A JOINT STATE-DEFENSE MESSAGE PROVIDING INSTRUCTIONS AND GUIDANCE FOR EMBASSY TAIPEI, CINCPAC AND THE TAIWAN DEFENSE COMMAND.

3. AIRBUS-DC 10 COMPETITION (LIMITED OFFICIAL USE)

AMBASSADOR UNGER DISCUSSED THE AIRBUS-DC 10 COMPETITION WITH THE PRIME MINISTER ON AUGUST 2 AND THE FOREIGN MINISTER ON AUGUST 15. HE WILL ALSO RAISE IT WITH CENTRAL BANK GOVERNOR (AND CCK CONFIDENT) YU KUO-HUA ON AUGUST 17 AT A LUNCHEON BEING HOSTED FOR SENATOR EASTLAND WHO IS ON A "PRIVATE VISIT, TO TAIWAN. MOFA VICE MINISTER FRED CHIEN HAS TOLD US THE GROC IS NOW CAREFULLY RE-STUDYING THE ENTIRE MATTER. WE WERE FIRST TOLD THE FRENCH WERE HOLDING OUT THE POSSIBILITY OF PARIS LANDING RIGHTS AS A LURE. WE NOW HAVE LEARNED THE FRENCH ARE SUGGESTING THAT AN "UNOFFICIAL" TRADE OFFICE IN TAIPEI MIGHT RESULT FROM AN AIRBUS PURCHASE.
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4. POTENTIAL HUMAN RIGHTS CASES CONTINUE (CONFIDENTIAL)

ONE MONTH AFTER HER UNPRECEDENTED RELEASE FROM DETENTION, POLITICAL ACTIVIST CHEN CHU HAS BEGUN TO SEE OTHER OPPOSITIONIST POLITICIANS AND CLAIMS THAT SHE WAS TRICKED INTO HER CONFESSION. CHEN'S INTEREST IN POSSIBLY RUNNING FOR ELECTION OR WRITING A BOOK COULD WELL GET HER IN TROUBLE WITH THE AUTHORITIES AGAIN. MEANWHILE, ANOTHER CONSTANT CRITIC OF THE ROC, SU-HUNG YUEH-CHIAO, IS CHARGING THAT RECENTLY FILED FORGERY CHARGES AGAINST HER ARE IN FACT POLITICAL MOTIVATED -- PROBABLY TRUE. THE EMBASSY CONTINUES TO FOLLOW THESE CASES CLOSELY.

5. U.S. DOLLAR FORWARD MARKET ESTABLISHED (UNCLASSIFIED)

ON AUGUST 11, THE ROC ESTABLISHED A LIMITED U.S. DOLLAR FORWARD MARKET, WHICH PERMITS TRADERS TO CONTRACT TO BUY/SELL DOLLARS AT A FIXED PRICE AT A GIVEN DATE IN THE FUTURE. AS SOON AS THE FORWARD MARKET IS OPERATING SMOOTHLY, ANOTHER SMALL REVALUATION OF THE NT DOLLAR IS PROBABLE. THE FORWARD MARKET AND EARLIER REVALUATION ARE

SIGNS OF THE ROC'S CONFIDENCE IN THE STRENGTH AND STABILITY
OF ITS ECONOMY AND ARE STEPS TOWARD THE ROC'S

CREATION OF A FOREIGN EXCHANGE SYSTEM CHARACTERISTIC
OF AN INDUSTRIAL RATHER THAN A DEVELOPING COUNTRY.

6. LIBYA AND TAIWAN (CONFIDENTIAL)

NEITHER TAIWAN NOR LIBYA HAS YET TAKEN ANY ACTION TO
TERMINATE DIPLOMATIC RELATIONS FOLLOWING THE AUGUST 10
PRC-LIBYA ANNOUNCEMENT. FOREIGN MINISTER SHEN TOLD
AMBASSADOR UNGER THAT THE ROC WILL NOT TAKE THE INITIATIVE
TO BREAK RELATIONS, BUT HE EXPECTS PRC PRESSURE WILL
EVENTUALLY FORCE LIBYA TO CLOSE OUT ROC OFFICIAL REPRESENTATION.
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SENTATION.

7. MURRAY ZINOMAN BRIEFINGS (UNCLASSIFIED)

MURRAY ZINOMAN, WHO WILL BE TAKING OVER AS DEPUTY ON
OCTOBER 1, HAS BEGAN HIS BRIEFINGS AND MEETINGS THIS WEEK.
VANCE

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NNN

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